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June 26, 2006

## **DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2006-09**

RE: Act 142, Session Laws of Hawaii 2006, Relating to Rental Motor Vehicle Surcharge Tax

On May 26, 2006, Governor Linda Lingle signed into law House Bill 2214 HD 1, SD 2, CD 1, as Act 142.

Act 142 amends Section 251-2(a), Hawaii Revised Statutes, which deals with a lessor's exemption from the rental motor vehicle surcharge tax. Currently, a lessor is exempt from the surcharge if:

- 1) The lessor is renting the vehicle to a lessee whose vehicle is being repaired; and
- 2) The lessor retains a record of the lessee's repair order for four years.

Act 142 amends the exemption to allow the lessee's repair order record to be maintained by either the lessor or by the motor vehicle repair dealer. Both the lessor and the lessee must maintain this record for two years.

Act 142 takes effect on July 1, 2006.

For more information on Act 142, please contact the Rules Office at 808-587-1577.

A handwritten signature in black ink, appearing to read "Kurt Kawafuchi", is written over a horizontal line.

**KURT KAWAFUCHI**  
Director of Taxation